



Nationwide Tax Forum

Compliance Initiatives



Compliance Overview

- Small Business/Self-Employed taxpayers account for majority of tax gap
- Our strategic assessment identified the areas contributing to the tax gap
- We developed a focused approach to address the identified areas
- We aligned our strategic priorities to tackle these areas of non-compliance



Compliance Priority Initiatives

- Abusive schemes and promoter investigations
- High-risk, high income taxpayers
- Offshore credit card project



Compliance Priority Initiatives

(continued)

- Unreported Income Discriminant Index Formula (UI DIF)
- High income nonfilers
- National Research Program (NRP)



Abusive Schemes and Promoter Investigations

- IRS Lead Development Center designed to research promoter leads
- Abusive shelters and trusts
- Employment tax and employee leasing
- Frivolous return arguments



High-Risk, High Income Taxpayers

- Returns generally more complex and difficult to verify income
- Use of structured transactions to reduce or eliminate tax liability
- K-1 matching program launched



Offshore Credit Card Project

- John Doe summons yields data to extent of taxpayer financial transactions
- Offshore Voluntary Compliance Initiative (OVCI)
- Promoter investigations grow out of OVCI



Unreported Income Discriminant Index Formula

- Unreported income represents largest component of tax gap
- New tool: Unreported Income Discriminant Index Formula (UI DIF)
- Provides IRS with systematic approach to identify returns at high-risk for unreported income



High Income Nonfilers

- Focus on most egregious and high-risk segments
- Identification and expedited assignment of cases
- Expanded outreach and education efforts
- Re-engineering work processes



National Research Program

- Will measure reporting compliance
- Identify compliance issues
- Improve audit selection
- NRP data analysis should lead to a reduction in the number of no change audits



Collection and Examination Process Enhancements

IRS efforts focus on:

- Resolving compliance cases quickly and efficiently
- Reducing taxpayer burden
- Fair and consistent treatment of taxpayers



Compliance Initiatives

To report fraud call

1-800-829-0433

For more information visit:

www.irs.gov/businesses/small/index.html